



The Solutions Network

Rochester, New York

Utility Privatization Update

Steven J. Allenby
United Financial of Illinois, Inc.

August 10, 2004



Utility Privatization Process



- Choose a Team Leader
- Choose Team Members
- Choose a Consultant
- Prepare the RFP Response
- Get Mgt. Approval of RFP Response
- Go Back to Regular Jobs



Privatization Process



	Proposal	Initial Negotiation	Completed Negotiation	BAFO	Award	Approval
Low	4 Months	4 Months	3 Months	1 Months	2 Months	3-6 Months
Avg.	4 Months	8 Months	4 Months	2 Months	4 Months	3-6 Months
High	4-6 Months	12 Months	24 Months	6 Months	6 Months	3-6 Months

*Note: Add 6-12 months after Approval for a **Transition** period.*



Privatization Problems



- Communications
 - Written vs. Verbal
 - Long Periods of Silence
 - Surprises
- Cost Accounting Standards (CAS)
 - Rates Set by Law or Regulation
- Staff and Consultant Inexperience
- Technical Issues
 - Fair Market Value Calculation
 - Application of Financial Models
- Unrealistic Deadlines and Workload



Improvement Suggestions



- More Face to Face Communication
- Provide Regular Status Updates
- Resolve CAS Issues
- Set Realistic Deadlines
- Better Training for Staff and Consultants
- Convene Meeting to ID and Resolve Technical Issues
- Case Studies - What Works and Does Not Work?